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ORK AIR CONDITIONS THE WORLD'S LARGEST BUILDING (See Back Cover)

1965 Annual Report

BORG-WARNER CORPORATION

THE YEAR IN BRIEF

	1965	1964
Net sales	<u>\$815,058,590</u>	<u>\$773,081,411</u>
Costs and expenses:		
Employment costs:		
Wages and salaries	225,350,543	212,909,128
Social security taxes and unemployment benefit costs.	9,124,080	9,270,006
Pension and insurance costs	20,194,807	15,355,332
	<u>254,669,430</u>	<u>237,534,466</u>
Materials, supplies and services purchased	457,635,292	433,050,179
Depreciation and amortization	21,799,638	20,971,499
	<u>734,104,360</u>	<u>691,556,144</u>
Earnings before income taxes	80,954,230	81,525,267
Provision for United States and foreign income taxes	35,575,000	36,981,000
Net earnings	<u>45,379,230</u>	<u>44,544,267</u>
Net earnings distribution:		
Dividends paid to stockholders	20,818,416	19,223,974
Retained in the business	24,560,814	25,320,293
	<u>45,379,230</u>	<u>44,544,267</u>
Earnings per share of common stock	4.81	4.76
Dividends paid:		
Preferred, per share	3.50	3.50
Common, per share	2.20	2.05
Stockholders' investment at year end	447,343,041	422,820,005
Book value per share of common stock at year end	47.09	44.53
Current assets	384,166,426	371,227,319
Current liabilities	<u>133,546,350</u>	<u>123,380,126</u>
Net working capital	250,620,076	247,847,193
Current ratio	2.88 to 1	3.01 to 1
Capital expenditures	\$ 44,491,965	\$ 29,651,843
Average number of employees world-wide	35,850	35,200
Number of stockholders at year end:		
Preferred	272	313
Common	65,070	62,944
	<u>65,342</u>	<u>63,257</u>

NOTE: 1965 figures include foreign subsidiaries in Australia, Europe and Mexico not previously consolidated.

1964 figures have been restated on a comparable basis.

BORG-WARNER CORPORATION

Annual Report

FOR THE YEAR ENDED DECEMBER 31 1965

To the Shareholders

IN 1965, Borg-Warner sales and dollar earnings after taxes were at record levels for the fourth consecutive year.

Domestic sales increased 5 per cent over the 1964 level, and in 1965 the sales of major foreign subsidiaries were consolidated for the first time to push the total over the \$800 million mark.

Domestic net earnings were adversely affected by a change in the sales mix, higher employment costs, and strikes, but with the aid of a reduced tax rate were higher than in 1964. Foreign earnings were 18 per cent above the 1964 level.

Share earnings were only slightly higher than the comparable figure for 1964, but the 1965 amount includes an investment tax credit of 19 cents, compared with 31 cents in 1964.

Unfilled order backlogs at the year end were at a record level, and the outlook for 1966 is favorable.

(Continued on page 3)

HIGHLIGHTS

Net sales of \$815 million and earnings of \$45.4 million include foreign subsidiaries and are Borg-Warner records.

Earnings per share of \$4.81 on consolidated basis, versus \$4.76 in 1964 as re-stated to compare with 1965 figures.

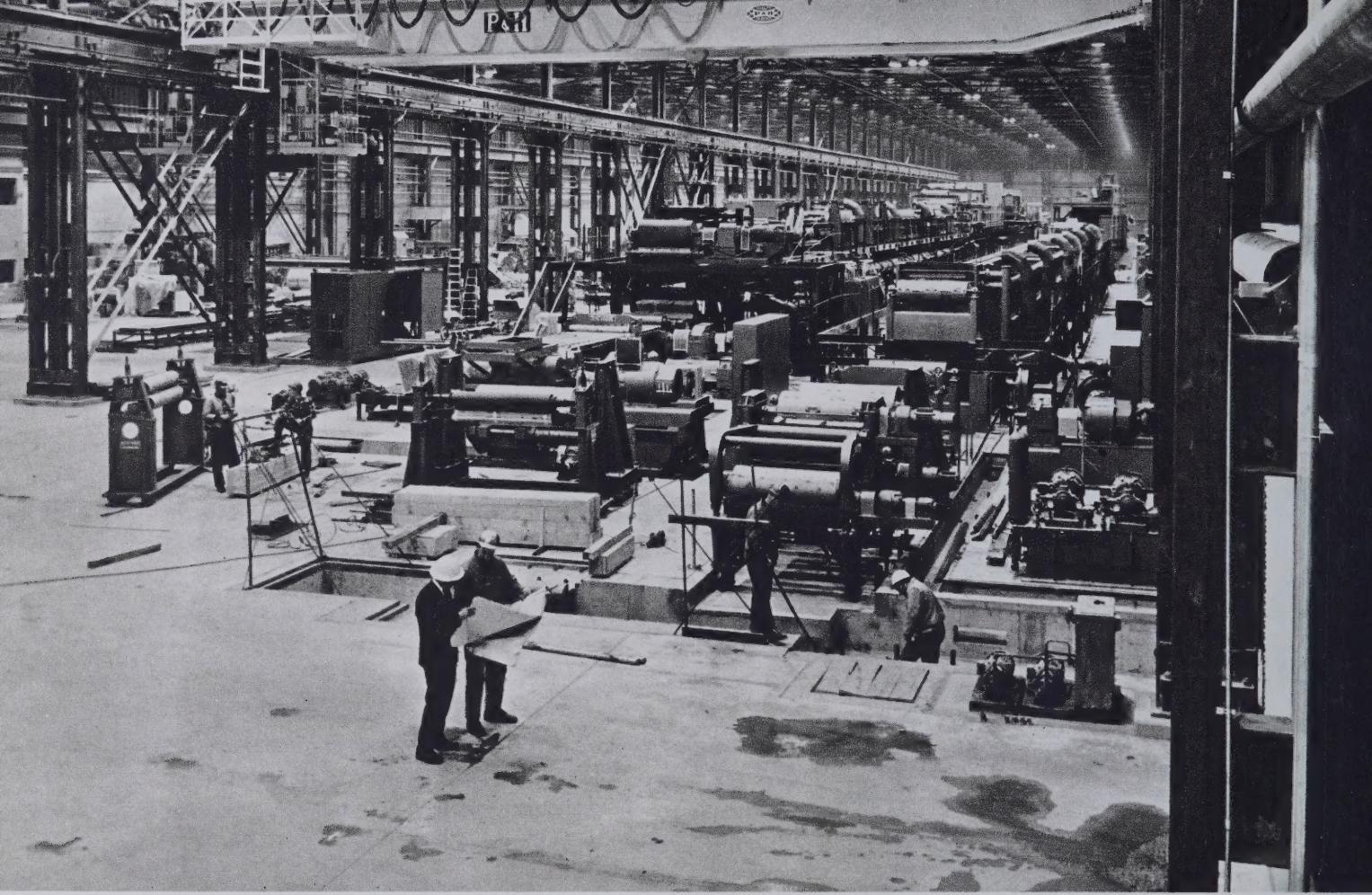
Dividends of \$2.20 per share on common, \$3.50 on preferred, were paid shareholders in 1965.

Capital additions at a record high level, \$44.5 million including \$8.5 million overseas.

Backlogs of unfilled orders at record levels, 30 per cent higher than a year ago.

The Borg-Warner Operating Committee, which guides and coordinates the work of all manufacturing and sales divisions (from left to right): Lester G. Porter, president; Albert Steg, vice president and treasurer; Stanley J. Roush, group vice president; James F. Beré, group vice president; Russell J. Parsons, secretary and assistant general counsel; Robert Shattuck, group vice president; Robert W. Murphy, vice president and general counsel; and Robert S. Ingersoll, chairman.





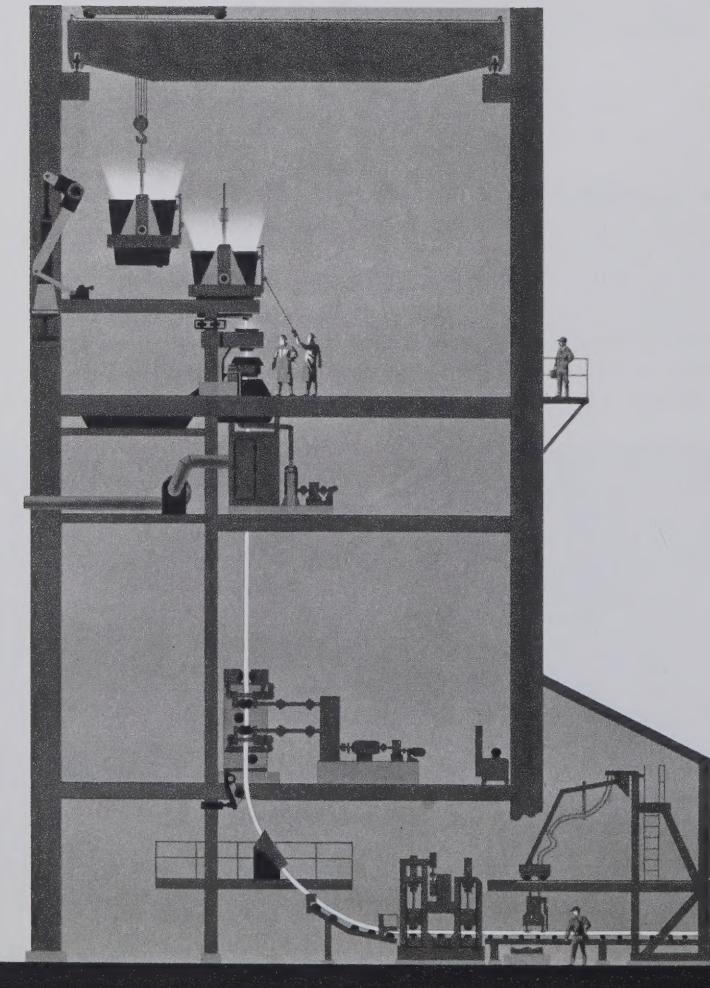
Stainless steel expansion at Ingersoll Steel includes temper mill, Sendzimir mill and two heat treating and pickling lines for sheet and strip products, plus equipment in another new building to pressure-cast stainless slabs.

Steel Expansions Build Borg-Warner As Supplier of Basic Materials

MULTI-MILLION DOLLAR expansion programs in specialty steels—coupled with Marbon Chemical's growth in ABS plastics and other chemicals—are strengthening Borg-Warner's position as a major supplier of two basic materials required by industry.

At New Castle, Indiana (above), Ingersoll Steel is increasing plant size 65 per cent, to make stainless sheet and strip for appliance and utensil, aircraft, food processing, construction and electrical equipment industries.

At Chicago Heights, Illinois (left), Calumet Steel will increase tonnage capacity 50 per cent, for steel bars and light structural shapes used for highways, bridges, power transmission facilities, railway cars, materials handling, automotive and farm equipment.



Continuous casting at Calumet will also produce steel faster, less expensively and of better quality. Sketch shows flow of molten steel from electric furnaces through casting units to final continuous billets.

Foreign results consolidated

Because the results of major foreign subsidiaries were consolidated for the first time in 1965, all figures for 1964 in this Report are re-stated on a comparable basis.

The following summary shows the contribution of foreign and domestic sales and earnings for the two years:

	(Add 000's)	
	1965	1964
Net sales, domestic.....	\$757,891	\$719,255
Net sales, foreign	57,168	53,826
	<u>815,059</u>	<u>773,081</u>
Net earnings, domestic.....	42,125	41,784
Net earnings, foreign	3,254	2,760
	<u>45,379</u>	<u>44,544</u>
Earned per share, domestic.....	4.46	4.46
Earned per share, foreign35	.30
	<u>\$4.81</u>	<u>\$4.76</u>

Domestic sales improved in virtually all markets. However, earnings before taxes were down because of a change in the sales mix, because of strikes in Borg-Warner and customer plants, and because of higher wage rates and fringe benefits that exceeded the increase in productivity.

Earnings from foreign operations, still a relatively minor share of the total, increased over the 1964 level, and would have been higher except for costs of the overseas expansion program, including plant startup costs and interest on funds borrowed abroad to finance the expansion.

A reduction in the Federal income tax rate increased net earnings slightly. However, investment tax credits added only 19 cents a share to 1965 net earnings, compared to 31 cents included in net earnings for 1964.

Financial position strong

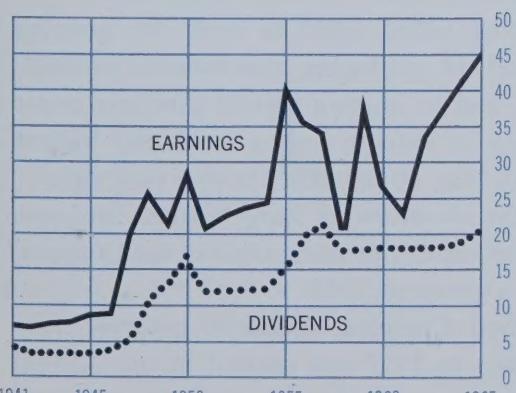
The consolidation reveals a larger Borg-Warner than has been shown before, strong financially. Working capital at the year end was \$251 million, compared with \$248 million at the end of 1964 as re-stated. The current ratio was 2.9 to 1. Cash and marketable securities declined as inventories, receivables and plant investment increased.

The item "notes payable" on the balance sheet mainly represents short-term borrowing in foreign currencies to finance the overseas expansion.

Capital investments world-wide totaled \$44.5 million in 1965, with \$8.5 million or about 19 per cent overseas. The total was more than double the year's depreciation cost.

More than \$24 million was added to retained earnings in 1965, and at the year end stockholders' investment was \$447 million or \$47.09 per common share, compared with \$423 million, or \$44.53 per share re-stated, at the end of 1964.

NET EARNINGS/DIVIDENDS PAID
in millions of dollars



NOTE: 1965 results include foreign consolidation

Gains in all markets

Borg-Warner divisions world-wide made gains in all of the markets served during 1965.

AUTOMOTIVE EQUIPMENT sales increased to another record level. New products were developed and successfully introduced to original equipment customers, which include the major automobile, truck and off-highway vehicle manufacturers in the U. S. and overseas.

A notable example is the durable silent chain that is used to transmit power from the engine of the 1966 Oldsmobile Toronado, a key component which is expected to be used on other front-wheel-drive cars to be introduced in 1967.

BUILDER AND CONSUMER PRODUCTS sales increased, with the greatest gains registered in air conditioning equipment.

A special section of this Report is devoted to York division, which made an improved contribution to Borg-Warner sales and earnings in 1965 and is preparing for further growth in line with the dynamic pattern of its industry.

In 1965 management attention was devoted to the problem of competing effectively in the major appliance market. An internal reorganization now going on at Norge is intended to make it a stronger, more profitable division, much better able to serve its customers. This includes developing new products, an intensive quality control program, and cost reduction moves.

The large refrigeration products plant in Arkansas, leased in 1961 in anticipation of an increase in volume that did not materialize, is being transferred to another appliance maker, with Norge products to be made elsewhere in the division or by other manufacturers. The removal of the drain of this facility, and concentration of manufacturing in other plants, should affect the division favorably.

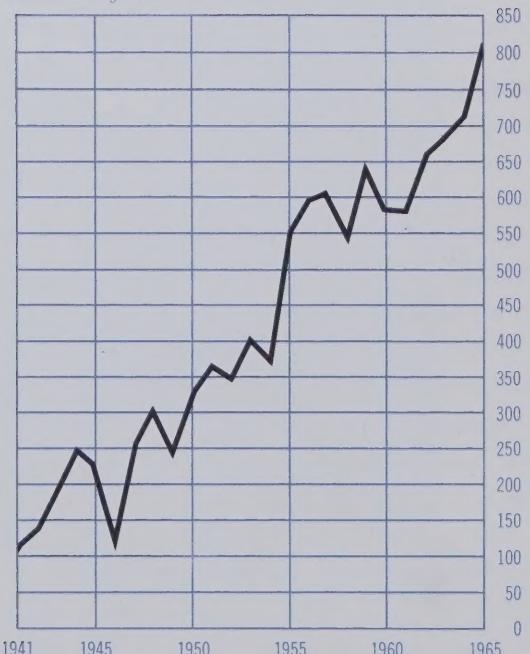
INDUSTRIAL divisions, including military and aerospace suppliers and the Byron Jackson group, which makes oil well tools and heavy-duty pumps and performs remedial services for the petroleum industry, made excellent progress.

Borg-Warner is being called upon to serve the growing U. S. military demand, in producing conventional products for military end uses, and in making special products under contract. The backlog of defense orders is at the highest point since the Korean war, 80 per cent above a year ago.

CHEMICAL AND STEEL divisions of Borg-Warner are considered among the most rapidly growing units of the Corporation, and did well as a group in 1965.

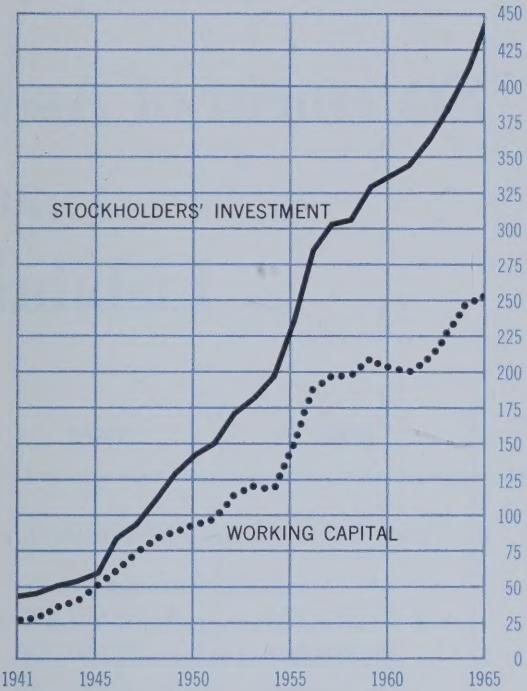
The story of Marbon Chemical division's progress since its expansion in plastics in 1957 was carried in the Annual Report for 1964. Marbon made further gains in sales and profits in 1965. Its new plant to produce ABS and related

NET SALES
in millions of dollars



NOTE: 1965 results include foreign consolidation

STOCKHOLDERS' INVESTMENT
WORKING CAPITAL
in millions of dollars



NOTE: 1965 results include foreign consolidation

plastics will open in Holland within a few weeks, and the division is planning other expansion moves.

A major program to expand Borg-Warner's steel divisions began in 1965 and will continue this year.

Organization changes

With sadness we note the passing, on January 31, 1966, of Roy C. Ingersoll, Honorary Chairman, who had been associated with Borg-Warner and its predecessor companies for almost 60 years. Further comment appears on Page 24.

The following men were elected as division presidents:

G. L. Christianson, Rockford Clutch; Floyd W. Fennell, Ingersoll-Humphryes; Arthur J. Welch, Borg-Warner Service Parts. Mr. Welch continues as president of Spring Division.

At York Division, Gerard V. Patrick was elected Vice Chairman and Chief Executive Officer. William H. Roberts was elected President.

Outlook favorable

In 1966, barring circumstances now unforeseen, Borg-Warner should have another record year of sales and earnings. Order backlogs are at record levels, 30 per cent above a year ago.

Capital expenditures in 1966 should exceed the \$50 million announced earlier, and while these will have a beneficial effect on future growth and on our ability to meet competition through lower costs, the startup costs involved will affect 1966 earnings to a moderate degree.

The long-range outlook is good. Several of the larger Borg-Warner divisions are in industries considered among the leading growth fields, including air conditioning and chemicals, and we are confident that their rate of gain will compare favorably with the average of their industries.

We have an excellent foothold in many desirable markets overseas, and are planning more. Some of these foreign operations are just starting to contribute earnings, and are growing rapidly, and their rate of return compares favorably with the domestic operations.

We believe Borg-Warner is now at the point where the major investments of recent years in the more promising areas of its business will have the effect of accelerating the growth of overall sales and earnings.

Respectfully submitted,

Robert S. Ingersoll
Chairman

Gerard V. Patrick
President

BORG-WARNER CORPORATION

and Consolidated Subsidiary Companies



**Statement of Assets
and
Liabilities**

	December 31,	1965	1964
<i>Assets</i>			
Current assets:			
Cash	\$ 24,283,034	\$ 20,697,673	
Marketable securities, at cost and accrued interest	19,269,364	27,550,556	
Cash and marketable securities	<u>43,552,398</u>	<u>48,248,229</u>	
Receivables, less provision for possible losses:			
1965, \$5,892,337; 1964, \$4,843,027	136,673,452	131,287,744	
Inventories of raw materials, work in process, finished goods, and supplies, at the lower of cost (first-in, first-out) or market	195,759,446	184,191,129	
Prepaid expenses	8,181,130	7,500,217	
Current assets	<u>384,166,426</u>	<u>371,227,319</u>	
Investments and advances (principally unconsolidated subsidiaries, note 1)	22,264,063	21,518,294	
Property, plant, and equipment at cost less accumulated depreciation and amortization: 1965, \$113,412,425; 1964, \$103,053,507	189,487,062	168,121,704	
Deferred charges	4,578,089	4,521,822	
Goodwill	1	1	
	<u>\$600,495,641</u>	<u>\$565,389,140</u>	

1965 figures include foreign subsidiaries in Australia, Europe and Mexico not previously consolidated. 1964 figures have been restated on a comparable basis.

See accompanying notes to financial statements.

DECEMBER 31, 1965 AND 1964

	December 31,	1965	1964
<i>Liabilities and Stockholders' Investment</i>			
Current liabilities:			
Notes payable	\$ 23,971,855	\$ 20,830,755	
Accounts payable	44,924,534	42,162,745	
Accrued expenses	32,237,955	29,346,227	
Provision for United States and foreign income taxes	32,412,006	31,040,399	
Current liabilities	133,546,350	123,380,126	
Provision for warranties and special purposes	6,153,262	5,606,257	
Deferred income taxes	5,110,000	3,050,000	
Long-term debt:			
Note payable, maturing 1966	—0—	2,300,000	
3 1/8% sinking fund debentures, due 1974, less debentures reacquired and held in treasury: 1965, \$7,223,000; 1964, \$8,157,000 (note 2)	4,977,000	5,143,000	
Minority stockholders' interest in foreign consolidated sub- sidiaries	3,365,988	3,089,752	
Stockholders' investment:			
Capital stock (note 3):			
Cumulative preferred stock	none	none	
3 1/2% cumulative preferred stock	12,045,200	12,493,700	
Common stock	47,489,880	47,014,370	
Capital in excess of par value	45,792,790	42,577,826	
Retained earnings (note 4)	352,942,375	328,381,561	
458,270,245	430,467,457		
10,927,204	7,647,452		
447,343,041	422,820,005		
\$600,495,641	\$565,389,140		

BORG-WARNER CORPORATION

and Consolidated Subsidiary Companies

	Year Ended December 31,	1965	1964
<i>Statement of Earnings</i>			
Net sales		\$815,058,590	\$773,081,411
Costs and expenses:			
Cost of goods sold		620,476,886	583,844,044
Selling, administrative, and general expenses		93,761,143	87,806,424
Depreciation and amortization		21,799,638	20,971,499
Other (income), net		(1,933,307)	(1,065,823)
		734,104,360	691,556,144
Earnings before income taxes		80,954,230	81,525,267
Provision for United States and foreign income taxes		35,575,000	36,981,000
Net earnings		\$ 45,379,230	\$ 44,544,267
<i>Statement of Retained Earnings</i>			
Amount at beginning of year (note 1)		\$328,381,561	\$303,061,268
Net earnings for year		45,379,230	44,544,267
		373,760,791	347,605,535
Dividends:			
Preferred stock		226,483	297,641
Common stock		20,591,933	18,926,333
		20,818,416	19,223,974
Amount at end of year		\$352,942,375	\$328,381,561
<i>Statement of Capital in Excess of Par Value</i>			
Amount at beginning of year		\$ 42,577,826	\$ 38,359,908
Credit arising from exercise of options (1965, 95,102 shares; 1964, 123,625 shares) and retirement of preferred stock (1965, 4,485 shares; 1964, 4,480 shares)		3,214,964	4,217,918
Amount at end of year		\$ 45,792,790	\$ 42,577,826
1965 figures include foreign subsidiaries in Australia, Europe and Mexico not previously consolidated. 1964 figures have been restated on a comparable basis.			

See accompanying notes to financial statements.

B-W ACCEPTANCE CORPORATION

and Subsidiary

Statement of Assets and Liabilities

	December 31,	1965	1964
Assets			
Current assets:			
Cash	\$ 3,473,286	\$ 4,690,580	
Notes receivable (including amounts maturing after one year)—retail installment notes and wholesale lien instruments	97,782,647	116,313,500	
Deductions:			
Reserve for losses	1,358,556	1,414,799	
Deferred income—unearned finance charges	5,822,219	6,692,657	
Notes receivable, net	7,180,775	8,107,456	
Prepaid expenses (principally interest)	90,601,872	108,206,044	
Current assets	314,725	556,558	
Other assets	94,389,883	113,453,182	
	375,461	464,077	
	<u>\$ 94,765,344</u>	<u>\$113,917,259</u>	
Liabilities and Stockholder's Investment			
Current liabilities:			
Notes payable, short term	\$ 46,568,000	\$ 59,624,500	
3 1/8% notes, maturing 1965	—0—	7,000,000	
Drafts payable	3,854,428	3,258,239	
Accounts payable and accruals	569,345	403,136	
Dealers' reserves	2,048,564	2,326,884	
Current liabilities	53,040,337	72,612,759	
5 1/8% senior notes, maturing 1967 to 1976	15,000,000	15,000,000	
Subordinated debt:			
5 1/2% senior subordinated notes, maturing 1967 to 1976	10,000,000	10,000,000	
Payable to Borg-Warner Corporation—capital note, maturing 1977	4,500,000	4,500,000	
Subordinated debt	<u>14,500,000</u>	<u>14,500,000</u>	
Stockholder's investment:			
Capital stock owned by Borg-Warner Corporation	10,000,000	10,000,000	
Retained earnings (1965—under long-term debt agreements, \$978,316 restricted as to payment of cash dividends and stock purchases)	2,225,007	1,804,500	
Stockholder's investment	<u>12,225,007</u>	<u>11,804,500</u>	
Subordinated debt and stockholder's investment	<u>26,725,007</u>	<u>26,304,500</u>	
	<u>\$ 94,765,344</u>	<u>\$113,917,259</u>	

Notes to Financial Statements

1 The accompanying consolidated financial statements include all divisions and subsidiary companies in Australia, Europe and North America with the exception of B-W Acceptance Corporation. The investment in this subsidiary is carried at net underlying asset value and the results of its operations are included in the consolidated statement of earnings. The carrying value of the investment in other unconsolidated subsidiaries is adjusted through earnings to the lower of cost or net underlying asset value.

Included in the amount of retained earnings at January 1, 1964 are retained earnings of foreign subsidiaries not previously consolidated totaling \$7,284,234 representing the excess of the company's equity in foreign consolidated subsidiaries over the cost at January 1, 1964.

At December 31, 1965 net assets located outside the United States and Canada approximated 6% of consolidated net assets. Net sales of such operations approximated 8% of consolidated net sales in 1965.

2 The corporation is required to make payment into the sinking fund for debentures (either in cash or reacquired debentures) in annual amounts increasing from \$1,100,000 in 1966 to \$1,600,000 in each of the years 1972 and 1973.

3 Details of the capital stock are as follows:

	Shares		In treasury		
	Authorized	Issued	Shares	Cost	
Cumulative preferred stock, par value \$100.....	250,000	none	none	none	
3½% cumulative preferred stock, par value \$100:					
1965.....	170,452	120,452	72,543	\$6,699,849	
1964.....	174,937	124,937	42,688	\$3,821,856	
Common stock, par value \$5:					
1965.....	12,000,000	9,497,976	111,275	\$4,227,355	
1964.....	12,000,000	9,402,874	102,875	\$3,825,596	

The outstanding preferred stock may be redeemed in whole or in part at \$103 per share. The corporation is required to pay annually (either in cash or reacquired shares) into a sinking fund the lower of \$400,000 or 5% of the amount of the consolidated net earnings for the preceding year in excess of the preferred dividend requirements.

4 As long as any of the preferred shares or debentures are outstanding the corporation must meet certain minimum financial requirements before paying cash dividends on the common stock or purchasing any capital stock. These financial requirements are presently exceeded by substantial margins.

5 Earnings have been charged \$11,562,236 for the year ended December 31, 1965 and \$9,105,634 for the preceding year with respect to pension retirement plans.

6 Of the options granted to officers and key employees under restricted stock option plans, there were outstanding at December 31, 1965 options expiring at various dates through 1970 for the purchase of 326,949 shares at prices ranging from \$37.75 to \$48.50 per share. A summary of the changes during 1965 follows:

	Number of shares	Aggregate option price*
Shares under option at December 31, 1964.....	295,116	\$11,893,648
Options granted less cancellations.....	126,935	6,251,518
Options exercised.....	(95,102)	(3,643,516)
Shares under option at December 31, 1965.....	326,949	\$14,501,650

*95% or 100% of market value at date of grant.

7 Contingent liabilities consist of various claims being contested which are not expected to result in any material outlay.

Accountants' Report

PEAT, MARWICK, MITCHELL & CO. CERTIFIED PUBLIC ACCOUNTANTS

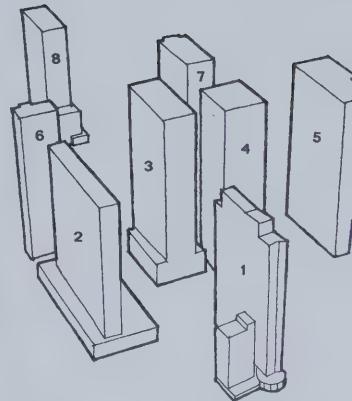
The Board of Directors
Borg-Warner Corporation:

We have examined the statement of assets and liabilities of Borg-Warner Corporation and consolidated subsidiary companies as of December 31, 1965 and the related statements of earnings, retained earnings, and capital in excess of par value for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination of the financial statements of B-W Acceptance Corporation and subsidiary for the year ended December 31, 1965.

In our opinion, the accompanying financial statements present fairly (a) the financial position of Borg-Warner Corporation and consolidated subsidiary companies at December 31, 1965 and the results of their operations for the year then ended, and (b) the financial position of B-W Acceptance Corporation and subsidiary at December 31, 1965, all in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year as restated.

PEAT, MARWICK, MITCHELL & CO.

Chicago, Illinois
February 1, 1966



Big air conditioning for commercial installations, including these buildings in New York, is a growth market York pioneered and still leads. Other big jobs are Empire State, a central system for all major buildings on Capitol Hill, and world's largest building (see cover).

1. Americana Hotel
2. New York Hilton Hotel
3. J. C. Penney Building
4. Equitable Building
5. Time-Life Building
6. ABC Building
7. Sperry-Rand Building
8. 666 Fifth Ave. Building

York Air Conditioning Division A Leader in "Growth Market"

FOR YORK DIVISION, 1965 was a year of progress and preparation for a period of growth by the air conditioning and refrigeration industry.

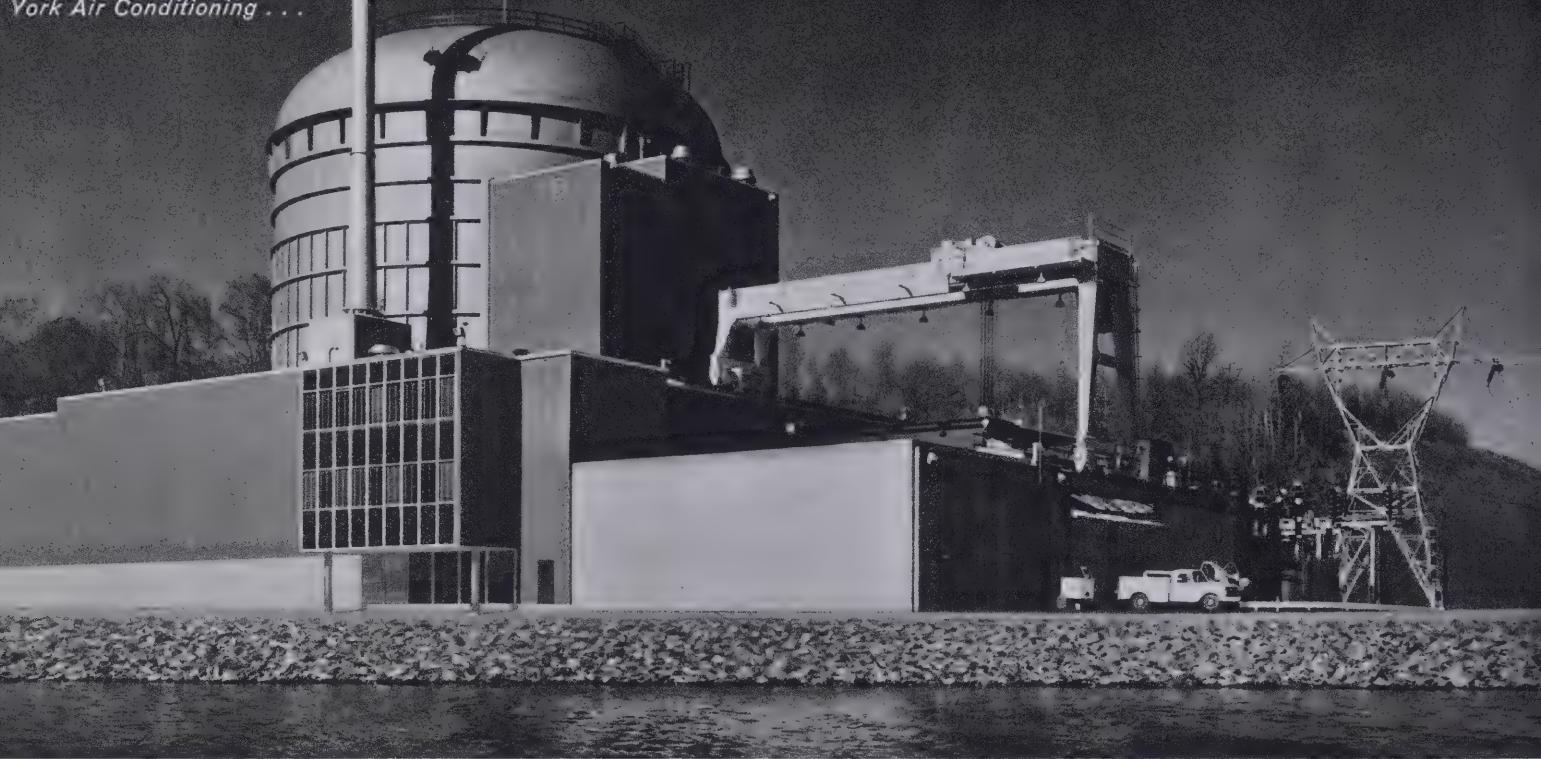
Sales were up 14 per cent and backlogs at the year end were 25 per cent higher than 1964 levels.

The division is predicting a sales gain of 80 per cent during the next five years and in 1965 started a \$12 million plant expansion program to keep pace with increased market demands.

A special report on York starts on this page and continues through Page 16.

Big refrigeration equipment is used for low-temperature industrial processing. Installation is at Wyandotte Chemical Corp. York also leads this growing industrial market.





Nuclear power activity includes brine chilling system for Philadelphia Electric Co.'s atomic power station at Peach Bottom, Pennsylvania, the first such privately-owned facility. York engineers designed equipment to run at least three years without maintenance. Reactor and nuclear steam supply system by the General Atomic Division of General Dynamics Corporation; engineering and construction by the Bechtel Corporation.

Ice-making machines which produce five tons daily for New York's Americana Hotel represent another growth market for commercial and residential use. York introduced the first commercial automatic ice maker in 1948 and leads this field.



Shopping centers like Oak Brook, near Chicago, are heated and cooled to exact temperature and humidity levels with York "packaged" units.

Other applications for this fastest-growing York product line are in schools, hospitals, offices and smaller commercial buildings.

The hospital field is served by York and other divisions with several product lines, including high-pressure oxygen chambers used to aid surgical procedures. York also sells odor-destroying chemical filters (made by Marbon Chemical Division). Ingersoll Products sells a full line of hospital beds and patient room furniture.



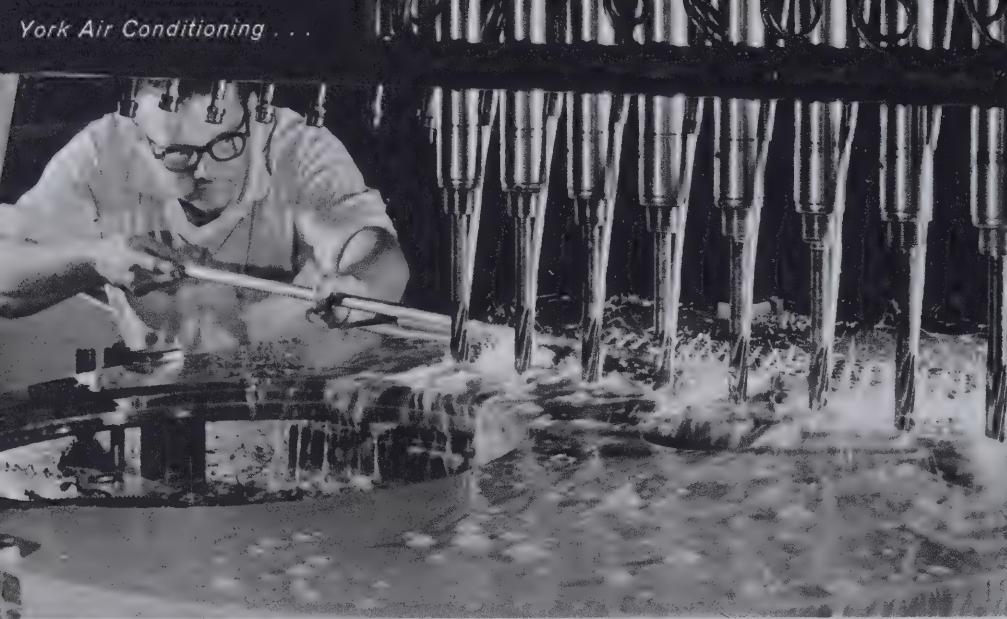
Overseas markets for York products are expanding even faster than the United States and are supplied by plants in the U. S., England, France, India, Japan and Australia, plus licensed manufacturers in Canada, Mexico, Australia, Spain, Italy, Argentina and The Philippines. Range of overseas markets is similar to opportunities in the United States. Hong Kong Hilton is one of several Hilton hotels, as well as other hotel chains world-wide, with York air conditioning and refrigeration.



Central residential air conditioning is the industry's fastest-growing and best potential market. Installations were up 15 per cent last year, but only six per cent of U. S. homes have central heating and cooling systems. York installation here is Alfred Browning Parker residence, Coral Gables, Florida. Systems are tailored to homes and apartments of all sizes, and both York and Norge divisions also sell room air conditioning units.

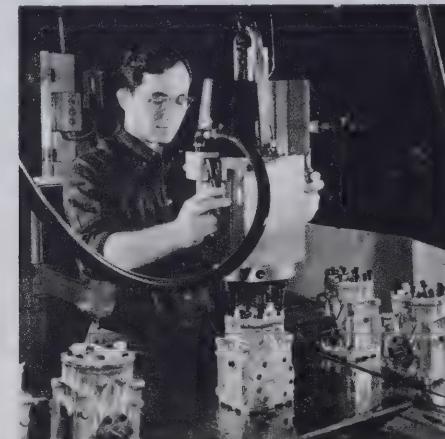
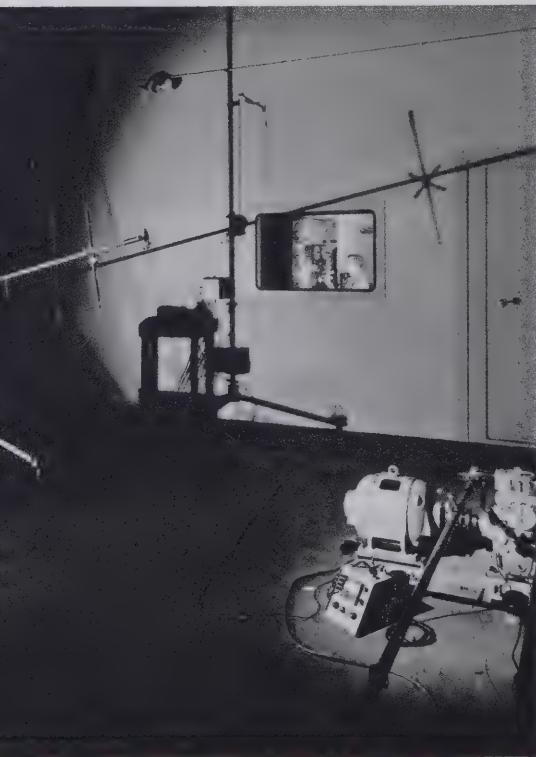
Marine market for naval, passenger and cargo vessels is portrayed by this sketch of USS John F. Kennedy CVA-67, now under construction. A 1,650-ton York water chilling plant will provide cooling and cold water for facilities and personnel. Other defense applications include thermoelectric coolers for radar tubes on Naval surface vessels and cooling systems for nuclear submarines.



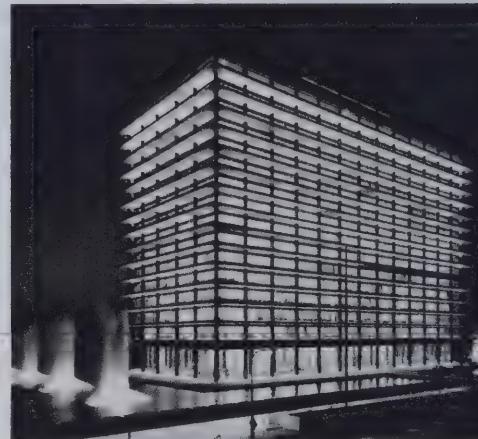


New machinery at York will require a major share of the \$12 million plant expansion and modernization program now under way. (Also see drawing on facing page.) Here the York operator removes shavings as multiple drilling machine cuts tube holes in steel plates for large heat exchangers.

York's sound lab is considered the first such facility to measure sound and its effects on people. Actually one self-contained recording instrument, the sound lab is isolated from noise and vibration because it is placed on giant steel springs based on a huge concrete slab.

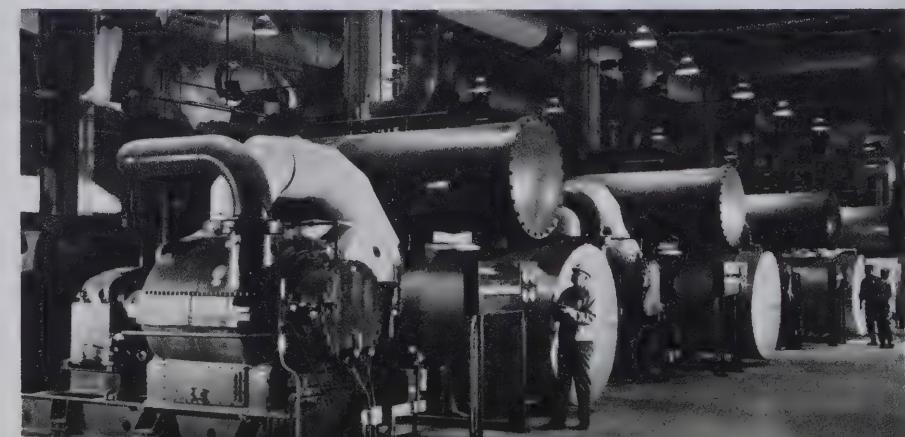


Auto air conditioners use York compressors that are sold to the auto and truck manufacturers and to the independents for "hang-on" car conditioners. York has sold over 3,000,000 units since 1958. Market will double in next five years.



Advanced systems are tailored to architecture and other facilities of modern buildings. For example: This York combination system serves the Los Angeles Water and Power Department building, where York units use water from the pools, and heat from inside lights and equipment.

Equipment room for NASA's Vehicle Assembly Building (see cover) shows the heart of a giant air conditioning system. There are four 2,500-ton York water chilling machines. The prime contractor, Climate Conditioning Corporation, wrote York that the Government had accepted equipment without changes "after several weeks of exacting performance tests."





York Forecasts 80% Sales Increase in Next Five Years

YORK'S FACTORY SALES world-wide were up 14 per cent in 1965, running somewhat ahead of the air conditioning and refrigeration industry.

The U. S. Department of Commerce says this will be one of the top growth industries for years to come. York itself is predicting a growth rate in sales of from 10 to 15 per cent a year for each of the next five years, with an 80 per cent increase in sales world-wide by the end of 1970.

The division entered 1966 with backlog 25 per cent ahead of a year ago and 50 per cent ahead of the 1964 level.

York's products fall into these basic groups: residential and commercial air conditioners, ice makers and furnaces; industrial air conditioning and refrigeration; marine air conditioning and refrigeration; rail and truck refrigeration; compressors for auto, truck and bus air conditioning; hyperbaric (high-pressure oxygen) chambers.

Applications of these products in the industry's major growth markets are illustrated on Pages 11 through 14, as well as in the cover picture.

FOR THE 91-YEAR-OLD York division—oldest company in the industry and pioneer in many air conditioning and refrigeration break-throughs—it is turning into an exciting new industry.

York expansion is shown in this aerial perspective of the main manufacturing plant at York, Pennsylvania. Lighter blue areas show warehouse (left), engineering and research laboratory extension and sound lab (right) which were built in 1960. Darker blue marks space to be added during current building program, to expand facilities at this plant to 1,600,000 sq. ft.

York engineers have helped stretch the industry's scope to take in the field of complete control of environment: temperature, humidity, odors, sound and even the pressure of air.

The *Chicago Daily News* commented recently on an idea of R. Buckminster Fuller, inventor of the geodesic dome—and self-proclaimed messiah for the rebirth of American and world cities:

"He envisages a mile-high, translucent dome to control the environment of mid-town Manhattan—conserving energy normally used for heating and cooling, preserving water and curbing pollution, ridding the city of noxious fumes, blocking out unwanted rain and snow, creating Spring 365 days a year, and, among the incidentals, excluding the sound of jet aircraft."

A 21st century pipe dream? Perhaps not, when one considers the air conditioning of such huge structures as NASA's Vehicle Assembly Building and today's new all-weather sports arenas.

Central Systems Biggest Market; \$12 Million Expansion Under Way

YORK SEES one of its best growth potentials in the rapidly-expanding market for central air conditioning systems, ranging from residential units to custom-engineered installations for colleges, hospitals, offices, apartment buildings, shopping centers and industrial plants.

The market for existing homes is virtually untapped. Only six per cent of the U. S. residences had central heating and cooling systems in 1965.

York predicts that 25 per cent of the new homes will have central air conditioning by 1970 and many older homes will continue to convert to year 'round heating and cooling.

York also believes that 35 per cent of the schools and universities will be air conditioned by 1970, as will 12 per cent of the new industrial plants. A stimulant is the increased Federal support of college and hospital construction.

In addition to the central systems, York expects to grow substantially in all major product lines.

YORK IS GEARING UP its facilities to meet these market potentials. A \$12 million program is under way at the headquarters plant in York, Pennsylvania. This will add new machining and fabrication facilities and will expand the main plant by about 20 per cent, or to a total of 1,600,000 sq. ft.

The division has another 400,000 sq. ft. at its West York plant, a modern 500,000 sq. ft. plant at Decatur, Illinois, a new plant near London, England and joint venture companies and licensed manufacturers in 10 other countries. (See list at right.)

At the vital marketing level, York also has built up a strong distributor and dealer organization. There are now 60 top-line distributors in the U. S. and over 3,000 dealers.

Borg-Warner International's export and overseas sales also are moving up each year, with distribution now in 80 cities of the free world.

The division also is working to make certain it has the right management people to guide and handle this expansion. Three current answers:

1. A management development program that involves 250 supervisory people;

2. The York graduate engineering program, one of the real old-timers in American industry, dating back to 1902;

3. The "York Institute," 20 years old, which offers service training for customers and suppliers, and currently is booked up for the next eight months.

THE MANAGEMENT TEAM at York includes: Joseph B. Elliott, former RCA executive, who joined York in 1960 and began to rebuild the sales and distribution organization; Gerard V. Patrick, MIT graduate and former president of the Borg-Warner company in Australia, who since 1963 has been concentrating on York's manufacturing, facilities expansion and product quality; and William H. Roberts, 44, one-time development manager for Carrier Corp. and former college instructor in business administration and marketing, who has risen through the marketing organization since joining York in 1961.

Elliott is chairman; Patrick is vice chairman and chief executive officer; Roberts is president.

Vice presidents are M. V. Bailliere, Jr. (finance), William F. Lynne (treasury), Ralph G. Meisenhelder (personnel), Robert P. Marshall (manufacturing), Alwin B. Newton (research), W. Calvin Moore (engineering) and Edward P. Sheehan (sales).

York appears to have all the essential ingredients to be a consistent profit-maker in the years ahead:

Sound management, good products and distribution, modern facilities in key locations of the world markets, and evidence of strong growth potential for its major product lines.

International Scope of York's Manufacturing and Sales Operations

Wholly-Owned York Plants

York, Pennsylvania, U. S. A.
Decatur, Illinois, U. S. A.
Basildon, Essex, England

Joint Venture Companies

Nantes, Loire-Intérieure, France
Tokyo, Honshu, Japan
Faridabad, Punjab, India
Sydney, N.S.W., Australia

Licensed Manufacturers

St. Jerome, Quebec, Canada
Monterrey, Nuevo Leon, Mexico
Buenos Aires, Argentina

Sabadell, Barcelona, Spain
Milan, Lombardy, Italy
Manila, Luzon, The Philippines
Adelaide, South Australia

United States sales are handled through 24 York-staffed regional and district offices (see below), with the assistance of 60 key distributors and over 3,000 York dealers; and in Canada by Canadian Ice Machine Co., Ltd.

International sales are handled by Borg-Warner International Corporation and the Borg-Warner and York plants, joint venture companies, distributors and branches located in more than 80 key cities of the free world. The Marine Division maintains facilities in 110 world ports to serve cargo, passenger and naval vessels.

York Regional and District Sales Offices in the U. S.

New York	Atlanta	Chicago
Boston	Jacksonville, Fla.	St. Louis
Rochester, N. Y.	Greenville, S. C.	Houston
Buffalo	Charlotte, N. C.	Dallas
Philadelphia	Cleveland	New Orleans
Baltimore	Cincinnati	Los Angeles
Pittsburgh	Detroit	Denver
Alexandria, Va.	Washington, D. C.	San Francisco

25-Year Financial Review (000's omitted)

	Current Assets	Current Liabilities	Working Capital	Stockholders' Investment	Net Sales	Net Earnings	Per Common Share		
							Earnings	Dividends Paid	Dividends Paid
1965	\$384,167	\$133,547	\$250,620	\$447,343	\$815,059	\$45,379	\$4.81	\$2.20	\$20,818
1964	371,227	123,380	247,847	422,820	773,081	44,544	4.76	2.05	19,224
1963	322,242	92,528	229,714	386,067	688,547	37,715	4.07	2.00	18,526
1962	300,430	89,309	211,121	362,673	658,924	33,004	3.61	2.00	18,393
1961	278,318	75,839	202,479	345,930	584,722	23,432	2.57	2.00	18,211
1960	277,388	70,471	206,917	338,562	586,879	27,208	3.01	2.00	18,236
1959	304,915	94,045	210,870	330,950	649,897	39,311	4.36	2.00	18,156
1958	269,159	69,270	199,889	307,877	533,033	21,135	2.34	2.00	18,105
1957	283,934	84,375	199,559	304,772	608,514	34,077	3.81	2.40	21,623
1956	279,653	90,503	189,150	286,528	598,696	35,842	4.01	2.30	20,148
1955	250,510	99,165	151,345	235,285	552,192	41,076	5.17	1.93	15,568
1954	191,427	69,551	121,876	197,860	380,317	24,460	3.27	1.67	12,625
1953	195,956	73,016	122,940	183,870	407,379	23,978	3.26	1.67	12,546
1952	197,994	81,674	116,320	172,517	353,948	22,915	3.11	1.67	12,382
1951	173,654	73,705	99,949	151,737	369,166	21,219	2.94	1.67	12,264
1950	165,435	68,437	96,998	143,491	330,924	29,027	4.05	2.33	17,101
1949	127,131	35,859	91,272	130,322	252,366	22,047	3.05	1.83	13,371
1948	113,907	27,523	86,384	112,845	309,254	26,215	3.64	1.50	11,182
1947	119,972	44,859	75,113	96,257	258,389	20,023	2.76	.68	5,474
1946	87,472	23,618	63,854	85,182	138,864	9,035	1.22	.53	4,045
1945	89,996	36,260	53,736	61,701	232,276	8,962	1.28	.53	3,739
1944	115,083	72,506	42,577	56,477	253,728	7,995	1.14	.53	3,739
1943	115,302	76,670	38,632	52,096	197,555	7,841	1.12	.53	3,739
1942	83,047	51,421	31,626	48,066	144,220	7,216	1.03	.53	3,739
1941	53,961	24,422	29,539	45,665	119,386	7,475	1.07	.67	4,673

NOTE: 1965 and 1964 figures include foreign consolidation.

BORG-WARNER CORPORATION

and Consolidated Subsidiary Companies

Ten-Year Statement

	December 31,	1965	1964	1963
Assets				
Cash and marketable securities	\$ 43,552	\$ 48,248	\$ 54,744	
Receivables, less provision for possible losses	136,674	131,288	112,268	
Inventories	195,760	184,191	148,114	
Prepaid expenses	8,181	7,500	7,116	
Current assets	<u>384,167</u>	<u>371,227</u>	<u>322,242</u>	
Investments and advances (principally unconsolidated subsidiaries)	22,264	21,518	36,624	
Property, plant and equipment	302,899	271,175	227,192	
Less accumulated depreciation and amortization	113,412	103,053	91,769	
Net property, plant and equipment	<u>189,487</u>	<u>168,122</u>	<u>135,423</u>	
Deferred charges and goodwill	4,578	4,522	2,861	
Total	<u>\$ 600,496</u>	<u>\$ 565,389</u>	<u>\$ 497,150</u>	
Liabilities and Stockholders' Investment				
Dividends payable				
Notes payable	\$ 23,972	\$ 20,831		
Accounts payable	44,925	42,163	\$ 34,393	
Accrued expenses	32,238	29,346	27,364	
Provision for United States and foreign taxes on income and renegotiation	32,412	31,040	30,771	
Current liabilities	<u>133,547</u>	<u>123,380</u>	<u>92,528</u>	
Provision for warranties and special purposes	6,153	5,606	4,160	
Deferred income taxes and investment credit	5,110	3,050	4,400	
Long-term debt:				
Note payable	—0—	2,300	2,675	
3 3/8% sinking fund debentures	4,977	5,143	7,320	
Minority stockholders' interests in foreign consolidated subsidiaries	3,366	3,090		
Stockholders' investment:				
Preferred stock	5,345	8,672	9,128	
Common stock	43,263	43,189	42,802	
Capital in excess of par value	45,793	42,578	38,360	
Retained earnings	352,942	328,381	295,777	
Total stockholders' investment	<u>447,343</u>	<u>422,820</u>	<u>386,067</u>	
Total	<u>\$ 600,496</u>	<u>\$ 565,389</u>	<u>\$ 497,150</u>	
Book value per common share*	\$ 47.09	\$ 44.53	\$ 41.00	
Common shares outstanding at end of year*	9,386,701	9,299,999	9,181,338	

*After giving effect to 3 for 1 stock split in 1955.

1965 figures include foreign subsidiaries in Australia, Europe and Mexico not previously consolidated. 1964 figures have been restated on a comparable basis.

of Assets and Liabilities (000's omitted)

1962	1961	1960	1959	1958	1957	1956
\$ 55,572	\$ 51,177	\$ 55,088	\$ 71,665	\$ 71,341	\$ 73,106	\$ 58,855
98,535	90,364	88,426	96,062	80,460	85,938	89,120
140,920	128,476	123,332	127,882	107,864	115,483	124,993
5,403	8,301	10,542	9,306	9,494	9,407	6,685
<u>300,430</u>	<u>278,318</u>	<u>277,388</u>	<u>304,915</u>	<u>269,159</u>	<u>283,934</u>	<u>279,653</u>
33,211	30,491	31,048	24,278	17,687	13,402	8,001
219,271	210,273	197,207	196,480	184,429	190,683	189,730
87,389	81,530	81,186	82,094	73,837	73,934	75,475
131,882	128,743	116,021	114,386	110,592	116,749	114,255
3,488	2,439	2,805	1,467	1,867	1,727	2,195
<u>\$ 469,011</u>	<u>\$ 439,991</u>	<u>\$ 427,262</u>	<u>\$ 445,046</u>	<u>\$ 399,305</u>	<u>\$ 415,812</u>	<u>\$ 404,104</u>
						\$ 5,400
\$ 28,681	\$ 25,807	\$ 23,509	\$ 25,826	\$ 24,121	\$ 24,124	27,623
32,838	25,495	23,981	28,193	22,451	22,941	22,103
27,790	24,537	22,981	40,026	22,698	37,310	35,377
89,309	75,839	70,471	94,045	69,270	84,375	90,503
3,059	3,356	1,359	2,379	3,006	4,942	3,773
900						
3,050	3,425	3,800	4,175	4,550	4,925	5,300
10,020	11,441	13,070	13,497	14,602	16,798	18,000
9,825	9,908	10,038	11,566	11,913	11,922	11,958
42,138	41,834	41,509	42,108	41,740	41,725	41,668
34,122	32,211	30,259	29,492	27,595	27,526	27,157
276,588	261,977	256,756	247,784	226,629	223,599	205,745
362,673	345,930	338,562	330,950	307,877	304,772	286,528
<u>\$ 469,011</u>	<u>\$ 439,991</u>	<u>\$ 427,262</u>	<u>\$ 445,046</u>	<u>\$ 399,305</u>	<u>\$ 415,812</u>	<u>\$ 404,104</u>
\$ 38.99	\$ 37.39	\$ 36.81	\$ 35.81	\$ 33.46	\$ 33.12	\$ 31.10
9,048,564	8,987,701	8,923,816	8,918,742	8,844,860	8,841,814	8,827,235

BORG-WARNER CORPORATION

and Consolidated Subsidiary Companies

Ten-Year Statement

	December 31,	1965	1964	1963
<i>Earnings</i>				
Net sales	\$ 815,059	\$ 773,081	\$ 688,547	
Costs and expenses:				
Cost of goods sold	620,477	583,844	531,867	
Selling, administrative and general expenses	93,761	87,806	61,613	
Depreciation and amortization	21,800	20,972	17,607	
Other (income), net	(1,933)	(1,066)	(2,055)	
Total costs and expenses	734,105	691,556	609,032	
Earnings before income taxes	80,954	81,525	79,515	
Provision for United States and foreign income taxes	35,575	36,981	41,800	
Net earnings	45,379	44,544	37,715	
Dividends paid on preferred stock	226	298	320	
Net earnings applicable to common stock	\$ 45,153	\$ 44,246	\$ 37,391	
Earnings per share of common stock*	\$ 4.81	\$ 4.76	\$ 4.07	
Common shares outstanding at year end*	9,386,701	9,299,999	9,181,338	
<i>Retained Earnings</i>				
Amount at beginning of year	\$ 328,381	\$ 303,061	\$ 276,588	
Net earnings for year	45,379	44,544	37,715	
Less: Dividends paid or accrued:				
Preferred stock	226	298	320	
Common stock	20,592	18,926	18,200	
Premium on preferred stock of merged company redeemed prior to merger				
Cash payment made in connection with the exchange of common stock of corporation for assets and liabilities of merged company				
Amount at end of year	\$ 352,942	\$ 328,381	\$ 295,771	
<i>Capital in Excess of Par Value</i>				
Amount at beginning of year	\$ 42,578	\$ 38,360	\$ 34,121	
Add: Credit arising from exercise of options and retirement of preferred stock	3,215	4,218	4,231	
Capital surplus arising from acquisitions				
Amount at end of year	\$ 45,793	\$ 42,578	\$ 38,361	

*After giving effect to 3 for 1 stock split in 1955.

1965 figures include foreign subsidiaries in Australia, Europe and Mexico not previously consolidated. 1964 figures have been restated on a comparable basis.

of Earnings and Surplus Accounts (000's omitted)

1962	1961	1960	1959	1958	1957	1956
\$ 658,924	\$ 584,722	\$ 586,879	\$ 649,897	\$ 533,033	\$ 608,514	\$ 598,696
516,750	460,392	470,428	500,212	425,613	476,005	467,186
58,556	60,442	46,731	51,410	47,308	46,580	45,240
16,701	15,556	15,524	14,988	14,778	15,280	15,043
(1,612)	(1,450)	(1,662)	(1,224)	(601)	(328)	(465)
590,395	534,940	531,021	565,386	487,098	537,537	527,004
68,529	49,782	55,858	84,511	45,935	70,977	71,692
35,525	26,350	28,650	45,200	24,800	36,900	35,850
33,004	23,432	27,208	39,311	21,135	34,077	35,842
331	333	366	406	414	415	427
\$ 32,673	\$ 23,099	\$ 26,842	\$ 38,905	\$ 20,721	\$ 33,662	\$ 35,415
\$ 3.61	\$ 2.57	\$ 3.01	\$ 4.36	\$ 2.34	\$ 3.81	\$ 4.01
9,048,564	8,987,701	8,923,816	8,918,742	8,844,860	8,841,814	8,827,235
\$ 261,977	\$ 256,756	\$ 247,784	\$ 226,629	\$ 223,599	\$ 205,745	\$ 198,461
33,004	23,432	27,208	39,311	21,135	34,077	35,842
294,981	280,188	274,992	265,940	244,734	239,822	234,303
331	333	366	406	414	311	531
18,062	17,878	17,870	17,750	17,691	15,912	25,010
						123
\$ 276,588	\$ 261,977	\$ 256,756	\$ 247,784	\$ 226,629	\$ 223,599	\$ 205,745
\$ 32,211	\$ 30,259	\$ 29,492	\$ 27,595	\$ 27,526	\$ 27,157	\$ 21,456
1,911	1,952	767	1,897	69	369	1,240
\$ 34,122	\$ 32,211	\$ 30,259	\$ 29,492	\$ 27,595	\$ 27,526	\$ 27,157

BORG-WARNER CORPORATION

ON THESE PAGES are listed the principal divisions, subsidiaries and joint venture companies. Although most Borg-Warner units serve several different industries, each is listed here in the product group where it does its largest share of business.

Automotive Equipment



Original equipment and replacement parts for autos and trucks: including transmissions, clutches, radiators, torque converters, universal joints, fuel systems, safety belts

AUTOMOTIVE GROUP

BORG & BECK/LONG DIVISION

Chicago, Illinois; Detroit, Michigan; Marseilles, Illinois
Alfred A. Krueger, President and General Manager
Clutches, torque converters, radiators, oil coolers
Borg & Beck de Mexico, Mexico City, Mexico
Francisco J. Guitierrez S., General Director
Borg-Warner do Brasil, Sao Paulo, Brazil
Leon Gattegno, President and General Manager

BORG-WARNER (CANADA) LIMITED

Long Manufacturing Div., Oakville, Ontario, Canada
James H. McCreery, President and General Manager
Automotive clutches, radiators, air coolers

BORG-WARNER SERVICE PARTS CO.

Franklin Park, Illinois
Arthur J. Welch, President and General Manager
Distributor of automotive replacement parts
Arpic Automotive S.A., Brussels, Belgium
C. de Boilley, Manager
Arpic N.V., Amsterdam, Holland
W. E. Bodicker, Manager
Borg-Warner de Mexico S.A., Mexico City, Mexico
Harry H. Hellebronth, Manager
Borg-Warner International GmbH, Hamburg, Germany
Wolfgang Steffen, Manager

MARVEL-SCHEBLER PRODUCTS DIVISION

Decatur, Illinois
F. E. Pilling, President and General Manager
Automotive products, fuel metering devices, nuclear control mechanisms

MECHANICS UNIVERSAL JOINT DIVISION

Rockford, Illinois; Memphis, Tennessee
A. B. Pulliam, President and General Manager
Roller bearing universal joints and propeller shafts

ROCKFORD CLUTCH DIVISION

Rockford, Illinois
G. L. Christianson, President and General Manager
Automotive and industrial clutches (mechanical, hydraulic), torque converters, hydraulic controls and mechanisms

SPRING DIVISION

Bellwood, Illinois
Arthur J. Welch, President and General Manager
Automotive original equipment and replacement parts, safety belts, automotive service centers
Brummer Seal Division, Chicago Heights, Illinois
Arthur J. Welch, President and General Manager
Seals for crankshafts, water pumps, special uses
NSK Warner Co., Ltd., Tokyo, Japan
S. Kadoya, Managing Director
Sprag, cam, roller clutches; thermostatic controls

TRANSMISSION GROUP

BORG-WARNER (AUSTRALIA) LIMITED

Fairfield, New South Wales, Australia
W. Gordon Turnbull, Managing Director
Automotive and industrial products

BORG-WARNER LIMITED

Letchworth, Herts., England
M. C. Orchard, Managing Director
Automatic transmissions, overdrives, torque converters, differentials

WARNER GEAR DIVISION

Muncie, Indiana
E. Swain Russey, President and General Manager
Automotive, industrial and marine transmissions

Builder and Consumer Products



Norge and York equipment, Borg-Warner plumbing products and insulations for homes, apartments, office buildings, other commercial and industrial structures

B-W ACCEPTANCE CORPORATION

Chicago, Illinois
Robert E. LaRoche, President and General Manager
Finance company for Borg-Warner products

BORG-WARNER (CANADA) LIMITED

Cello Products Division, Galt, Ontario, Canada
Harold W. Lee, President and General Manager
Brass and copper soldered plumbing fittings

INGERSOLL-HUMPHRIES DIVISION

Mansfield, Ohio; Torrance, California
Floyd W. Fennell, President and General Manager
Plumbing fixtures and fittings; plastic fabricator

NORGE DIVISION

Chicago, Illinois; Effingham, Illinois; Herrin, Illinois
A. B. Kight, President and General Manager
Major home appliances, commercial laundry, dry cleaning equipment

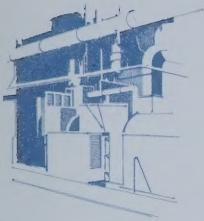
REFLECTAL CORPORATION

Chicago, Illinois; Hudson Falls, New York
M. R. McLary, President and General Manager
Reflective insulations and building materials

YORK DIVISION

York, Pennsylvania; Decatur, Illinois
Joseph B. Elliott, Chairman; Gerard V. Patrick, Vice Chairman and Chief Executive Officer; William H. Roberts, President
Air conditioning and refrigeration equipment

Mitsubishi-York Ltd., Tokyo, Japan
T. Kamijo, Managing Director
York Air Conditioning Pty. Limited, Sydney, N.S.W., Australia
Norman Pardoe, Managing Director
Brissonneau—York, S.A., Paris and Nantes, France
Andre Neuenschwander, Managing Director
York India Limited, Faridabad, Punjab, India
A. Huntingdon, Managing Director
York Shipley Limited, Basildon, Essex, England
R. H. Hemmings, Managing Director



Industrial Equipment

Components and systems for farm, construction and electrical machinery, petroleum, utilities, marine, electrical, nuclear and aerospace industries

AEROSPACE GROUP

PESCO PRODUCTS DIVISION Bedford, Ohio

Donald R. Spotz, President and General Manager
Fuel, hydraulic, cryogenic pump systems for aircraft and missiles, environmental cooling devices, electric motors

WESTON HYDRAULICS, LTD. Van Nuys, California

Fred O. Hosterman, President and General Manager
Hydraulic, pneumatic and control system equipment for aircraft and precision industrial applications

INDUSTRIAL GROUP

ATKINS SAW DIVISION Greenville, Mississippi

E. D. Robinson, President and General Manager
Saws, files, machine knives

BORG-WARNER CONTROLS DIVISION Santa Ana, California

William L. Cook, President and General Manager
Solid state adjustable frequency drives, instrumentation tape recorders, digital data systems

INGERSOLL PRODUCTS DIVISION Chicago, Ill.; Mexico City

M. R. McLary, President and General Manager
Agricultural discs, electronic instrument enclosures, steel plumbing fixtures, hospital beds and patient room furniture

Ingersoll-Apolo S.A., Medellin, Colombia
J. Uribe Botero, President

MORSE CHAIN COMPANY Ithaca, N. Y.; Denver; Mexico City

Robert O. Bass, President and General Manager
Chains, sprockets, speed reducers, couplings, clutches, stock gears, timing chains
Borg-Warner (Canada) Limited, Morse Chain Division Simcoe, Ontario, Canada
G. A. Stephens, Industrial Sales Manager
Borg-Warner Limited, Morse Chain Division Letchworth, Herts., England
P. J. Chant, General Manager
Tsubakimoto-Morse Co. Ltd., Osaka, Japan
Ichiro Yamanaka, President

OMNI-DATA DIVISION Philadelphia, Pennsylvania

Herman Epstein, President and General Manager
Data processing, communications and digital control equipment

WARNER-MOTIVE DIVISION

Auburn, Indiana; Wooster, Ohio; Dixon, Illinois
Spencer H. Mieras, President and General Manager
Transmission gears, gearboxes, differentials; hydraulic pumps, valves and cylinders; ignition parts, carburetor and engine tune-up equipment, wire and cable, spark plugs

PETROLEUM GROUP

BYRON JACKSON DIVISION Los Angeles, California

Andrew W. Rose, President
Centrifugal pumps, oil tools and oil well servicing, rubber products, mechanical seals

CORPORATE OFFICES

BORG-WARNER CENTRAL OFFICE Chicago, Illinois
ROY C. INGERSOLL RESEARCH CENTER Des Plaines, Illinois
GOVERNMENT LIAISON OFFICE Washington, D. C.

BYRON JACKSON INC. Long Beach, California; Houston, Texas

John B. Merritt, President and General Manager
Oil-field tools and rubber products, oil-well servicing and equipment, industrial and marine rubber products, industrial cleaning services

Borg-Warner (Canada) Limited, BJ Service Division

Calgary, Alberta, Canada

J. S. McKay, Manager

BJ Service N.V., The Hague, Holland

W. F. Roberts, Managing Director

BJ Service Argentina, S.A., Buenos Aires, Argentina

Jose A. Esteves, Manager

BJ Service (Australia) Pty. Ltd., Brisbane, Australia

E. C. Kendall, Manager

C.E.P.S.A., Mexico City, Mexico

Miguel Angel Roca, President

BYRON JACKSON PUMPS, INC. Los Angeles, Cal.; Tulsa, Okla.

John P. Adams, President and General Manager

Centrifugal pumps, submersible motors, mechanical seals, industrial drives

Borg-Warner (Canada) Limited, Byron Jackson Division

Toronto, Ontario, Canada

A. F. Vonnegut, Vice President and General Manager

Byron Jackson Co., S.A., Mexico City, Mexico

Rafael Torres, Vice President and General Manager

Byron Jackson Argentina, S.A., Mendoza, Argentina

E. P. Canepa, President

Byron Jackson N.V., Etten, North Brabant, Holland

Frank E. Spielberg, Managing Director

Byron Jackson—Hidrostal, S.A., Lima, Peru

Martin Stahle, President

Byron Jackson—Riva, S.p.A., Milano, Italy

Gianfranco Ucelli, President

Chemical and Steel Materials

Raw materials and components for end-product fabricators in auto, appliance, textile, aircraft and other industries



CHEMICAL GROUP

MARBON CHEMICAL DIVISION

Washington, W. Va.; Gary, Ind.; Baytown, Tex.; Oxnard, Cal.

William A. Suiter, President and General Manager

Plastic resins, latex, paint and rubber resins

Borg-Warner (Canada) Limited, Marbon Chemical Division

Cobourg, Ontario, Canada, L. C. Boysen, Plant Manager

Borg-Warner Limited, Marbon Chemical Division

Grangemouth, Stirlingshire, Scotland

L. L. Adler, Operations; A. L. Leigh, Marketing

Marbon N.V., Amsterdam, Holland

L. L. Adler, Operations; A. L. Leigh, Marketing

Ube Cycon, Ltd., Tokyo, Japan

H. Tawarada, President

STEEL GROUP

CALUMET STEEL DIVISION Chicago Heights, Illinois

Howard J. Davis, President and General Manager

Merchant bars, light structural shapes, fence posts, reinforcing bars

FRANKLIN STEEL DIVISION Franklin, Pennsylvania

Howard J. Davis, President and General Manager

Merchant bars and shapes, highway and fence posts, reinforcing bars

INGERSOLL STEEL DIVISION New Castle, Indiana

Harold G. Ingersoll, Jr., President and General Manager

Stainless clad, solid stainless, carbon, alloy steels; cold rolled stainless sheet and strip; soft center plow steel; fabricated parts; hand shovels

BORG-WARNER INTERNATIONAL CORP. Chicago, Illinois

Robert A. Brown, President and General Manager

Foreign operation, overseas licensing, export



Robert S. Ingersoll
Chairman and
Chief Executive Officer



Lester G. Porter
President

Board of Directors

BORG-WARNER CORPORATION

Executive Offices

200 South Michigan Avenue • Chicago, Illinois 60604



Edmund F. Ball
Chairman,
Ball Brothers Company,
Inc.,
Muncie, Indiana



Charles S. Davis, Jr.
Management Consultant,
Grosse Pointe Farms,
Michigan



Paul G. Davis
Partner,
Hornblower & Weeks—
Hempfill, Noyes,
Chicago, Illinois



J. Russell Forgan
Partner,
Glore, Forgan,
Wm. R. Staats, Inc.,
New York, New York



Gaylord A. Freeman, Jr.
Vice Chairman
of the Board,
The First National
Bank of Chicago



Harold G. Ingersoll
Retired,
Former Vice President,
Borg-Warner



William G. Karnes
President,
Beatrice Foods Co.,
Chicago, Illinois



John Madden
President,
James B. Clow & Sons,
Inc.,
Chicago, Illinois



George S. Moore
President,
First National City Bank,
New York, New York



Robert W. Murphy
Chairman,
Executive Committee,
Vice President and
General Counsel,
Borg-Warner



E. Swain Russey
Group Vice President,
Borg-Warner, and
President,
Warner Gear Division



Albert Steg
Vice President
and Treasurer,
Borg-Warner



George P. Shultz
Dean,
Graduate School
of Business,
University of Chicago



ROY C. INGERSOLL 1884-1966

Mr. Ingersoll, Honorary Chairman of Borg-Warner, died at his home on January 31, 1966. In 1908 he had joined the Galesburg Coulter-Disc Company, Galesburg, Illinois, which was merged into Borg-Warner in 1929, when Mr. Ingersoll became a director. He was elected Vice President of the Corporation in 1936; became President in 1950; Chairman and President in 1955. He continued as Chairman from 1956 to 1961, when he was elected to the newly-created office of Honorary Chairman of the Board.

Officers

ROBERT S. INGERSOLL, *Chairman and Chief Executive Officer*
LESTER G. PORTER, *President*
ROBERT W. MURPHY, *Chairman of the Executive Committee,
Vice President and General Counsel*
ALBERT STEG, *Vice President and Treasurer*
E. SWAIN RUSSEY, *Group Vice President*
STANLEY J. ROUSH, *Group Vice President*
ROBERT SHATTUCK, *Group Vice President*
JAMES F. BERÉ, *Group Vice President*
HOWARD J. DAVIS, *Group Vice President*
DONALD W. COLLIER, *Vice President—Research*
ALONZO B. KIGHT, *Vice President*
ANDREW W. ROSE, *Vice President*
RUSSELL J. PARSONS, *Secretary and Assistant General Counsel*
WILLIAM M. VALIANT, *Assistant Treasurer*
THOMAS C. CRAVENS, JR., *Assistant Secretary*
CARL G. STALLINGS, *Assistant Secretary*

Accountants

PEAT, MARWICK, MITCHELL & CO.

Transfer Agents

CONTINENTAL ILLINOIS NATIONAL BANK AND
TRUST COMPANY OF CHICAGO

FIRST NATIONAL CITY BANK, NEW YORK

Registrars

LA SALLE NATIONAL BANK, CHICAGO

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Preferred Stock

Listed on New York Stock Exchange

Common Stock

Listed on New York Stock Exchange, Midwest Stock
Exchange, Pacific Coast Stock Exchange

Committees of the Board

Executive

ROBERT W. MURPHY, *Chairman*
PAUL H. DAVIS LESTER G. PORTER
J. RUSSELL FORGAN ALBERT STEG
ROBERT S. INGERSOLL

Finance

ALBERT STEG, *Chairman*
J. RUSSELL FORGAN, *Vice Chairman*
EDMUND F. BALL HAROLD G. INGERSOLL
PAUL H. DAVIS WILLIAM G. KARNES
GAYLORD A. FREEMAN, JR. GEORGE S. MOORE

Compensation and Pension

PAUL H. DAVIS, *Chairman*
GAYLORD A. FREEMAN, JR., *Vice Chairman*
EDMUND F. BALL JOHN MADDEN
J. RUSSELL FORGAN GEORGE S. MOORE
WILLIAM G. KARNES

Audit

PAUL H. DAVIS, *Chairman*
EDMUND F. BALL GAYLORD A. FREEMAN, JR.
C. S. DAVIS, JR. ALBERT STEG
J. RUSSELL FORGAN

Operating Committee

ROBERT S. INGERSOLL, *Chairman*
LESTER G. PORTER STANLEY J. ROUSH
ROBERT W. MURPHY ROBERT SHATTUCK
ALBERT STEG JAMES F. BERÉ

Climate in Moon Rocket Hangar Controlled by York Equipment

A York water-chilling plant is used for air conditioning in the huge Vehicle Assembly Building at NASA's John F. Kennedy Space Center, Merritt Island, Florida. The main building (525 ft. high, 716 ft. long, 518 ft. wide) can house four 36-story moon rockets simultaneously.

York has supplied 10,000 tons of water chilling equipment, enough to air condition 4,000 homes. York engineers (in the cover photo) are shown with service truck as they check the installation during its final stages of completion. For more on the York growth story, see Pages 11 through 16.

Photograph by Robert Yarnall Richie

PARTICIPANTS

Cooperating with the National Aeronautics and Space Administration, the using and operating agency for the Vehicle Assembly Building

Canaveral District, U. S. Army Corps of Engineers
design and construction supervision

URSAM, New York, N. Y., architects and engineers

The joint venture of Morrison-Knudsen-Perini-Hardeman
South Gate, Calif., general contractor

Climate Conditioning Corporation, Stanton, Calif.
air conditioning contractor



BORG-WARNER CORPORATION

CHICAGO, ILLINOIS 60604

BORG  **WARNER** ®